

DRAFT EMPLOYMENT CONTRACT FOR SMALLHOLDER CONTRACTED LABOUR

This template was developed by The Centre as part of a joint project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Nestlé. This template was developed to support smallholders in providing proper contracts and raise awareness of employers' obligations and workers' rights under the law.

This Employment Contract is made on [date] _____, Among:

Principal Employer	Worker	Contractor/Agency
Name: _____	Name: _____	Name: _____
NRIC/Company Registration No.: _____	NRIC / Passport No.: _____	NRIC/Company Registration No.: _____
Address: _____	Address: _____	Address: _____
	Nationality: _____	

1. Recruitment practices and immigration

Both parties acknowledge that: (tick box)

- ☐ The Worker has the legal right to work in Malaysia
- ☐ The Employer shall comply with applicable labour and immigration laws
- ☐ No recruitment fees shall be charged to the Worker
- ☐ The Worker shall retain possession of his/her passport or identity documents
- ☐ The Worker shall be free to move and leave the workplace or accommodation outside working hours, subject to reasonable workplace rules
- ☐ The Employer and Worker have received a copy of Annex A: Employment Standards

2. Job Position and Duties

The Worker is employed as a **Farm Worker** at the Employer's palm oil smallholding located at **[location]**_____. Main duties include:

- Harvesting oil palm fresh fruit bunches
- Pruning, weeding, and collecting loose fruits
- Applying fertiliser and farm maintenance
- Any other reasonable farm-related work as instructed

3. Employment Type and Duration

Employment Type:

- ☐ Permanent
- ☐ Fixed-Term Contract
- ☐ Casual / Daily Employment

Start Date: _____

End Date (if applicable): _____

For Casual / Daily Employment, work may be offered on an as-needed basis and payment shall be made according to the agreed daily, weekly, or task-based rate.

Either party may terminate this contract in accordance with Clause 11.

4. Working Hours

- Working days: _____ [e.g. Monday to Saturday]
- Working hours: _____ [e.g. 8:00 a.m. – 5:00 p.m.]
- The Worker shall be provided with at least one rest day per week.
- Public holidays, overtime, rest day work and public holiday work shall be compensated in accordance with Malaysian labour laws

For details on employment standards and entitlements, please refer to Annex A.

5. Leave Entitlements

- The Worker shall be entitled to rest days, public holidays and other statutory benefits in accordance with Malaysian labour laws and the nature of the employment arrangement.

For information on annual leave, sick leave, public holidays and other employment standards, please refer to Annex A.

6. Wages

- Basic wage: RM _____ per ☐ day ☐ week ☐ month
- Payment method: ☐ Cash ☐ Bank transfer
- Payment frequency: ☐ Weekly ☐ Fortnightly ☐ Monthly

Wages shall comply with the **Minimum Wages Order** applicable in Sabah.

Note:

The Employer shall maintain a simple record of:

- Days worked
- Wage rate
- Deductions (if any)
- Wages paid

For Casual / Daily Employment, wages may be paid on a daily, weekly or task-completed basis as agreed by both parties.

7. Accommodation and Food (If Applicable)

- ☐ Accommodation will be provided by the Employer.
- ☐ Food will be provided by the Employer.

Accommodation shall be:

- Safe
- Clean
- Suitable for human habitation

Any deductions relating to accommodation or food must be lawful, reasonable and agreed by the Worker.

8. Tools and Equipment

- The Employer will provide basic tools and equipment
- The Worker agrees to use them responsibly and safely

9. Safety and Health

- The Worker must follow all safety instructions
- The Employer will provide a reasonably safe working environment
- The Worker must report any injury or accident immediately
- The Employer will record and report workplace accidents, including notifying Department of Occupational Safety and Health (DOSH) when required

10. Grievance Mechanism

The Worker may raise concerns or complaints without retaliation through:

- The Employer
- The Contractor or Agency (where applicable)
- The MSPO Complaints and Grievances Mechanism
Website: <https://emspo.org.my/public/complaints>
Email: complaints@mspo.org.my
Telephone: +603 5569 9676

11. Termination

Either party may terminate this contract by giving:

- Notice period: _____ days [**e.g. 7 or 14] days' notice**, or
- Payment in lieu of notices
- Immediate termination may occur for serious misconduct

12. Discipline

The Worker must:

- Follow farm rules and instructions
- Be punctual and honest
- Not engaged in theft, violence, or illegal activities

13. Governing Law

This contract shall be governed by the Sabah Labour Ordinance (Cap. 67), as amended from time to time, and all applicable regulations and subsidiary legislation.

This contract represents the full agreement between the Employer,the Worker and the Agency

Employer signature:_____ **Worker signature:**_____ **Agency signature:**_____

Date:_____ **Date:**_____ **Date:**_____

Acknowledgement

The employer and worker acknowledge that they have received and understood Annex A: Employment Standards.

Employer Initials: _____

Worker Initials: _____

ANNEX A (Employment Standards)

1. Minimum Wage

- Workers are entitled to at least the minimum wage prescribed by the Government of Malaysia.

2. Working Hours

- Normal working hours should not exceed the limits permitted under Malaysian labour laws (45 hours per week)
- Workers are entitled to rest breaks and at least one rest day per week

3. Overtime

- When workers are required to work beyond normal working hours, they are generally entitled to overtime payment
- Under Malaysian labour law:

Type of Work	Minimum Rate
Overtime on normal working day	1.5 × hourly rate
Work on rest day	2 × daily rate
Work on public holiday	3 × hourly rate

4. Public Holidays

- Workers are entitled to paid public holidays in accordance with the Sabah Labour Ordinance

5. Annual Leave

- No deposits or financial penalties shall be imposed for taking leave or returning to work
- Employees who work continuously may be entitled to paid annual leave, including:

Length of Service	Minimum Annual Leave
Less than 2 years	8 days
2–5 years	12 days
More than 5 years	16 days

6. Sick Leave

- Employees may be entitled to paid sick leave when certified by a registered medical practitioner:

Length of Service	Sick Leave
Less than 2 years	14 days
2–5 years	18 days
More than 5 years	22 days

- Hospitalisation leave may also apply, up to 60 days per year. A medical certification is required and leave must be paid at the ordinary rate

7. Freedom of Movement

Workers should:

- Keep their own passport and identity documents
- Be free to leave accommodation outside working hours
- Not be forced to work

8. Child Labour & Young Workers

- Children below the minimum working age must not be employed
- Young workers must only perform age-appropriate work and must not be exposed to hazardous tasks

9. Recruitment Fees

Workers should not pay recruitment fees or related costs at any stage of recruitment, including in the country of origin before arriving in Malaysia.

10. Housing, Accommodation and Basic Amenities

Where accommodation is provided by the Employer, it should:

- Be safe, clean and in good repair
- Protect workers from rain, heat and other weather conditions
- Provide adequate ventilation and lighting
- Have access to safe drinking water
- Have access to toilets, washing and bathing facilities
- Allow workers to have reasonable privacy and dignity
- Be free from overcrowding
- Be maintained in a hygienic condition

Where required by law, accommodation provided by employers shall comply with the Workers' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446) and other applicable regulations.

11. Water, Sanitation and Welfare Facilities

Workers should have access to:

- Safe drinking water
- Clean toilets
- Handwashing facilities
- Basic first aid supplies
- Reasonable access to medical assistance in case of illness or injury

12. Family Members and Children Living on Site

Where workers live with their families:

- Children should not be involved in hazardous plantation work
- Children should have access to education where available
- Children should not accompany adults into hazardous work areas

- Employers should take reasonable measures to prevent children from being exposed to workplace hazards, chemicals, machinery and harvesting activities

13. Raising Concerns

Workers may raise concerns without retaliation through:

- The employer
- Contractor/agency
- MSPO grievance mechanism

Important Note

- I. This Annex provides a summary of key worker rights and employer responsibilities. It is intended for awareness and guidance purposes only. Where there is any inconsistency, the applicable Malaysian laws and regulations shall prevail.
- II. Some benefits may depend on the nature and duration of employment. Workers should discuss any questions with their employer or the Labour Department.